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**FISCAL IMPACT STATEMENT**

**LS 6696**

**BILL NUMBER:** SB 310

**NOTE PREPARED:** Jan 5, 2015

**BILL AMENDED:**

**SUBJECT:** Alternative Schools.

**FIRST AUTHOR:** Sen. Merritt

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
☐ **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill has the following provisions:

*Annual Performance Report:* This bill makes changes to the requirements as to what information must be reported on a school corporation's annual performance report.

*Expulsion:* The bill provides that when a student is expelled from school, the Department of Education shall deposit the remaining state tuition support for the expelled student into the Alternative Education Fund to be used to provide grants to alternative education programs. It establishes the Alternative Education Fund.

**Effective Date:** July 1, 2015.

**Explanation of State Expenditures:** *Summary:* The Department of Education would incur additional administrative cost in computing the amount of tuition support to be transferred to the Alternative Education Fund. The Department would also have to transfer tuition support payments back to the parent school corporation if the student is reinstated in the school corporation. The additional cost would be within the Department's existing budget.

The Department of Education should be able to administer the fund within existing resources.

*Additional Information:* This bill establishes the nonreverting Alternative Education Fund to provide grants to applicable alternative education programs. The Department of Education would administer the fund. The fund consists of state tuition support payments of students who have been expelled and gifts, grants, devises,

and bequests. The Treasurer of State would invest the money in the fund not needed for current obligations.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** *Annual Performance Report:* The provision to disaggregate certain information in the annual performance report by race, grade, gender, free or reduced lunch status, and eligibility for special education could increase the cost of preparing and printing the report. There would be a one-time cost in reprogramming the application used to create the tables for the report. Since each element that is reported has to be disaggregated into five subelements, the report could be five times as large as before. The cost of printing the document would increase accordingly.

**Explanation of Local Revenues:** *Expulsion:* Under this bill, when a student is expelled, the remaining state tuition support money for the expelled student would be transferred to the Alternative Education Fund. This would result in a loss of local revenues to the school corporation. For FY 2015, state tuition support for regular programs ranged between \$4,813 and \$7,527 per student. In the 2012 and 2013 school years, an average of approximately 4,147 students were expelled. If it is assumed that a student would be expelled for a semester, the amount of revenue transferred from school corporations to the Alternative Education Fund would be between \$10 M and \$15.6 M. The actual loss of revenue for a school corporation would depend on the number of students who are expelled, the length of the expulsion, and the amount of state tuition support funding for that corporation.

*Alternative Education Fund:* Under the bill, if at least 75% of an alternative education program's students are on active expulsion, the alternative education program may apply to the Department of Education for a grant from the Alternative Education Fund. The Department would award the grant after verifying the number of students in the program on active expulsion. There are approximately 206 alternative education programs.

**State Agencies Affected:** Department of Education; Treasurer of State.

**Local Agencies Affected:** School corporations; Alternative education programs.

**Information Sources:** Department of Education database.

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